



State of Illinois
Illinois Department of Insurance

DOI

Illinois Department of Insurance

2012

Annual Report to the Governor's Office



Pat Quinn
Governor

Andrew Boron
Director of Insurance



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

September 12, 2013

Honorable Pat Quinn
Governor
State of Illinois
Springfield, Illinois

Re: 2012 Annual Report – Department of Insurance

Dear Governor Quinn:

I am pleased to submit this annual Report for the Department of Insurance summarizing the activities and financial operations of the Department in 2012.

Highlights from 2012 include modifications to the Public Pension Annual Statement System to create a second tier of benefits for new hires, allow investment in corporate bonds, and increasing the percentages of equity holdings allowable for qualified Downstate and Suburban Police and Fire Pension Funds. An additional highlight includes The Department's award of the Consumer Assistance and Patient Protection Project (CAP) in the amount of \$1,141,954 by the Department of Health and Human Services.

In addition, the Department continues to focus on our core missions of assisting Illinois consumers who purchase insurance and regulating the insurance market in Illinois. To that end, the Department handled over 8,424 individual consumer complaints and offered one-on-one insurance counseling to storm and flood victims after Illinois experienced tornados and floods in 2012. In addition, the Senior Health Insurance Program was transferred to the Department of Aging to better complement the services offered by that Department.

Based upon premiums written in 2012, Illinois is the fifth largest Property & Casualty insurance market and ninth largest Life, Accident, & Health insurance market in the United States. The Department strives to protect Illinois consumers through fair and professional regulation and by encouraging a competitive insurance market.

The following Report provides further details on the Department's operations highlighted above. I hereby submit the Annual Report for the Illinois Department of Insurance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "A. Boron".

Andrew Boron
Director

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Directors of Insurance



Andrew Boron

2012–

<u>Robert E. Wagner (Acting)</u>	2011–2012
<u>Andrew R. Stolfi (Acting)</u>	2011
<u>Jack Messmore (Acting)</u>	2011
<u>Michael T. McRaith</u>	2005–2011
<u>Deirdre K. Manna (Acting)</u>	2004–2005
<u>J. Anthony Clark</u>	2003–2004
<u>Nathaniel S. Shapo</u>	1999–2003
<u>Arnold Dutcher (Acting)</u>	1998–1999
<u>Mark Boozell</u>	1995–1998
<u>James W. Schacht (Acting)</u>	1994–1995
<u>Stephen F. Selcke</u>	1991–1994
<u>James W. Schacht (Acting)</u>	1991
<u>Zack Stamp</u>	1989–1991
<u>John E. Washburn</u>	1983–1989
<u>James W. Schacht (Acting)</u>	1982–1983
<u>Philip R. O'Connor</u>	1979–1982
<u>Richard L. Mathias</u>	1977–1979
<u>Michael P. Duncan</u>	1976–1977

<u>Dennis W. Toivonen (Acting)</u>	1976
<u>Robert B. Wilcox</u>	1974–1976
<u>Fred A. Mauck</u>	1973–1974
<u>James Baylor</u>	1969–1973
<u>John E. Bolton, Jr.</u>	1965–1969
<u>Richard G. Hershey</u>	1963–1965
<u>Joseph S. Gerber</u>	1957–1963
<u>Justin T. McCarthy</u>	1954–1957
<u>Laddie T. Pelnar (Acting)</u>	1954
<u>Robert E. Barrett</u>	1953–1954
<u>J. Edward Day</u>	1950–1953
<u>Harry B. Hershey</u>	1949–1950
<u>N. P. Parkinson</u>	1944–1949
<u>Paul F. Jones</u>	1941–1944
<u>S. Hayden Davis</u>	1940–1941
<u>Ernest Palmer</u>	1933–1940
<u>Harry Hanson</u>	1930–1933
<u>George Huskinson</u>	1927–1930
<u>Alex Johnson</u>	1923–1927
<u>Thomas J. Houston</u>	1921–1923
<u>Fred W. Potter</u>	1917–1921
<u>Rufus Potts</u>	1913–1917
<u>Fred W. Potter</u>	1907–1913
<u>William R. Vredenburgh</u>	1903–1907
<u>Henry Yates</u>	1901–1903
<u>James R. Van Cleave</u>	1897–1901
<u>Bradford Durfee</u>	1893–1897

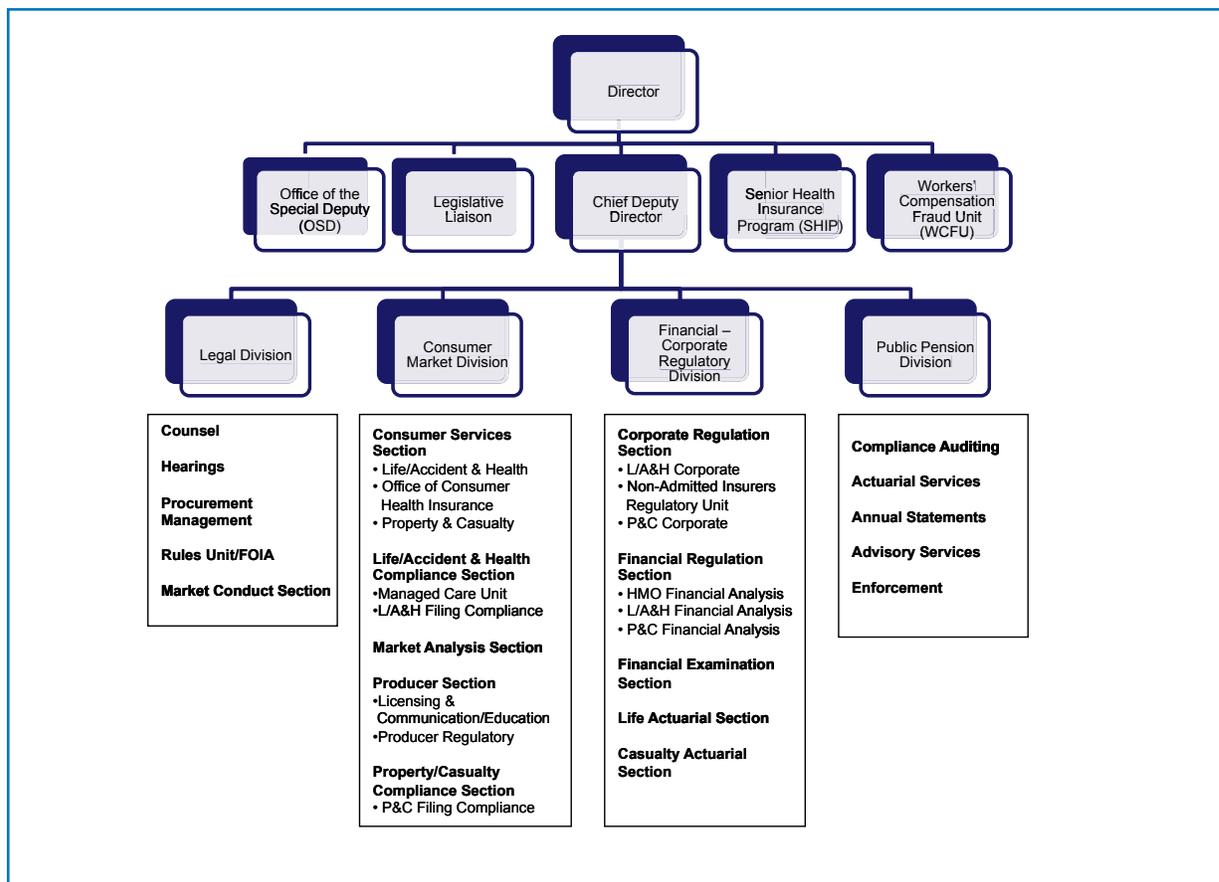
Mission and Functions

The mission of the Illinois Department of Insurance (Department) is:

To protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace.

The Department carries out its mission through effective administration and enforcement of the Illinois Insurance Code (215 ILCS 5/1 et seq.), the Illinois Pension Code (40 ILCS 5/1-101 et seq.), related laws and regulations, including Title 50 of the Illinois Administrative Code. The Department has four major operating Divisions: Consumer Market, Financial-Corporate Regulatory, Legal, and Public Pension. The Department also sponsors the Senior Health Insurance Program and Workers' Compensation Fraud Unit, and the Director is responsible for the operations of the Office of the Special Deputy Receiver, which handles the affairs of insurance companies placed in rehabilitation, conservation or liquidation.

Department Organization



Administrative Services

The Administrative Division oversees the Department's day-to-day operations, including budgeting, expenditure tracking, human resources, tax and fee collections, legislative matters, purchasing and procurement. The Division is responsible for all tax and fee operations, including the audit functions of all privilege tax, fire marshal tax, retaliatory tax, and surplus lines tax. Revenue collections for the year totaled \$447,101,592 of which \$345,857,634 was deposited into the General Revenue Fund. All Division operations are funded by various fees collected from insurance companies, insurance producers, and other related organizations. The Department receives no appropriation from the General Revenue Fund.

Department Staff

	2012	2011	2010
Consumer Market Division	102	92	86
Financial/Corporate Regulatory Division	119	126	130
Public Pension Division	11	12	12
Legal Division **	24	27	15
Workers' Compensation Fraud Unit	1	1	1
Total	257	258	244

** Market Conduct Section was reorganized from the Consumer Market Division to the Legal Division in 2011.

Securities Deposited by Insurance Companies for Fiscal Year 2012

Company Type	Number of Companies	Dollar Amounts
Domestic Stock Life	53	117,728,000
(Special Policy Fund)	2	630,000
Domestic Mutual Life	5	9,725,000
Domestic Stock Property & Casualty	178	395,067,000
Domestic Mutual Property & Casualty	15	36,557,000
Domestic Inter-Insurance Exchange	2	3,930,000
Burials	1	15,000
Bond Certificates	22	1,094,000
Health Maintenance Organizations	21	17,410,000
Limited Health Service Organizations	9	1,015,000
Total:	308	583,171,000

Foreign Workers Compensation	65	195,680,000
Foreign & Alien	21	27,363,000
Service Contract Providers	23	652,000
Mutual Trust Holding	4	6,250,000
Viatical Agreements	7	875,000
Total on Deposit June 30, 2012	428	813,991,000

Comparative Statement of Taxes & Fee Collected for Fiscal Year 2012

Taxes & Fees	FY2012	FY2011	% Changes
1st Quarter Privilege Tax	35,049,169.01	34,753,001.80	0.85%
2nd Quarter Privilege Tax	37,463,102.02	38,358,099.80	-2.33%
3rd Quarter Privilege Tax	37,979,751.96	39,670,120.69	-4.26%
4th Quarter Privilege Tax	39,622,009.81	41,757,344.12	-5.11%
1st Quarter Retaliatory Tax	25,315,117.19	19,050,870.71	32.88%
2nd Quarter Retaliatory Tax	27,248,957.94	24,337,306.58	11.96%
3rd Quarter Retaliatory Tax	26,699,424.12	28,269,104.08	-5.55%
4th Quarter Retaliatory Tax	27,146,220.72	29,045,835.27	-6.54%
Final Privilege Tax	32,901,091.39	20,688,101.26	59.03%
Final Retaliatory Tax	20,806,663.47	7,273,588.06	186.06%
Surplus Line Tax	35,234,988.45	33,649,576.58	4.71%
Group Privilege Tax	36,362.78	32,966.43	10.30%
Fines & Penalties	307,921.03	809,061.03	-61.94%
Interest	46,853.69	175,212.87	-73.26%
Miscellaneous	0.00	662.81	-100.00%
Subtotal for General Revenue Fund	345,857,633.58	317,870,852.09	8.80%
Producer Licenses	22,986,424.82	22,205,830.71	3.52%
Producer Reinstatement Fee	117,670.00	233,410.00	-49.59%
Producer Appointment Fee	1,016,551.50	696,300.00	45.99%
Producer Provider Education	520,350.00	450,370.00	15.54%
Producer Market Conduct Exams	693,426.00	835,876.00	-17.04%
Producer Fines and Penalties	4,253,157.48	581,890.00	630.92%
Producer Market Conduct Travel	198.56	0.00	0.00%
Producer Miscellaneous	748,490.50	20,529.69	3545.89%
Subtotal for Insurance Producer Fund	30,336,268.86	25,024,206.40	21.23%

Fire Marshal Tax (Company)	22,125,351.03	21,458,900.10	3.11%
Fire Marshal Tax (Surplus Lines)	1,365,270.54	1,219,244.17	11.98%
Subtotal for Fire Prevention Fund	23,490,621.57	22,678,144.27	3.58%
L/A&H:			
Annual Statement Filing Fee	17,950.00	116,150.00	-84.55%
Corporate Documents	99,554.00	98,373.00	1.20%
Certificate Fees	231,810.00	131,380.00	76.44%
Policy Form Filings	579,085.01	381,750.00	51.69%
Fines and Penalties	0.00	134.52	-100.00%
Miscellaneous	31,395.00	21,643.00	45.06%
Domestic Financial Regulation Fee	2,016,450.00	1,515,450.00	33.06%
Foreign Financial Regulation Fee	4,484,550.00	4,063,350.00	10.37%
L/A&H subtotal	7,460,794.01	6,328,230.52	17.90%
P&C:			
Cost Containment	1,483,350.00	1,411,474.00	5.09%
Annual Statement Filing Fee	44,900.00	228,400.00	-80.34%
Surplus Lines Licenses	640,000.00	618,500.00	3.48%
Corporate Documents	220,800.00	260,100.00	-15.11%
Certificate Fees	449,684.00	278,798.00	61.29%
Policy Form Filings	1,663,950.00	2,338,150.00	-28.83%
Fines and Penalties	0.00	5,610.54	-100.00%
RCPT, etc.	900.00	1,550.00	-41.94%
Miscellaneous	10,946.41	24,682.30	-55.65%
Domestic Financial Regulation Fee	4,305,100.00	3,481,900.00	23.64%
Foreign Financial Regulation Fee	6,378,850.00	5,511,250.00	15.74%
Financial Exam Travel	18,509.40	13,149.65	40.76%
P&C subtotal	15,216,989.81	14,173,564.49	7.36%
Subtotal for Insurance Financial Regulation Fund	22,677,783.82	20,501,795.01	10.61%
Public Pension Fees	1,693,263.18	1,751,452.24	-3.32%
Public Pension Fines	98,116.10	81,323.85	20.65%
Subtotal for Public Pension Fund	1,791,379.28	1,832,776.09	-2.26%

W.C. Pool Insolvency	154,018.49	148,083.66	4.01%
W.C. Industry Commission Surcharge	22,793,885.94	23,735,990.79	-3.97%
Subtotal for W.C. Pool Fund	22,947,904.43	23,884,074.45	-3.92%
State Trust Fund	0.00	0.00	0.00%
<i>Total for All Funds</i>	<i>447,101,591.54</i>	<i>411,791,848.31</i>	<i>8.57%</i>

Appropriations and Disbursements: July 1, 2011, to June 30, 2012

General Revenue Fund

The Department no longer receives or disburses monies from the General Revenue Fund.

Public Pension Regulation Fund

Standard Accounts:	Appropriations	Reserve	Disbursements	Unexpended Appropriation
Personal Services	\$1,862,900	\$0	\$837,607	\$1,025,293
Retirement	637,000	0	286,848	\$350,152
Social Security	142,600	0	62,410	\$80,190
Group Insurance	420,500	0	205,763	\$214,737
Contractual	91,560	0	89,948	\$1,612
Travel	50,000	0	39,861	\$10,139
Commodities	5,000	0	0	\$5,000
Printing	10,500	0	37	\$10,463
Equipment	7,500	0	0	\$7,500
Telecommunications	440	0	0	\$440
Operations Lump Sum	0	0	0	\$0
Total	\$3,228,000	\$0	\$1,522,473	\$1,705,527

Insurance Producers Administration Fund

Standard Accounts:	Appropriations	Reserve	Disbursements	Unexpended Appropriation
Personal Services	\$8,764,300	\$0	\$7,355,930	\$1,408,370
Retirement	2,996,600	0	2,519,603	\$476,997
Social Security	670,500	0	541,772	\$128,728
Group Insurance	1,886,000	0	1,872,530	\$13,470
Contractual	1,600,000	0	1,156,341	\$443,659
Travel	145,000	0	79,994	\$65,006

Commodities	23,400	0	8,331	\$15,069
Printing	34,800	0	14,837	\$19,963
Equipment	36,800	0	31,858	\$4,942
EDP	500,000	0	86,544	\$413,456
Telecommunications	203,300	0	193,968	\$9,332
Op. of Auto	9,000	0	4,495	\$4,505
Refunds	162,000	0	83,771	\$78,229
Shared Services Lump Sum	536,300	0	514,976	\$21,324
Operations Lump Sum	0	0	0	\$0
Total	\$17,568,000	\$0	\$14,464,951	\$3,103,049

Insurance Financial Regulation Fund

Standard Accounts:	Appropriations	Reserve	Disbursements	Unexpended Appropriation
Personal Services	\$11,029,600	\$0	\$9,829,330	\$1,200,270
Retirement	3,771,100	0	3,368,321	\$402,779
Social Security	843,800	0	712,729	\$131,071
Group Insurance	2,310,000	0	2,272,218	\$37,782
Contractual	1,600,000	0	834,720	\$765,280
Travel	300,000	0	80,377	\$219,623
Commodities	23,400	0	10,860	\$12,540
Printing	34,700	0	7,010	\$27,690
Equipment	35,700	0	33,509	\$2,191
EDP	500,000	0	186,731	\$313,269
Telecommunications	203,500	0	168,759	\$34,741
Op. of Auto	9,200	0	3,291	\$5,909
Refunds	49,000	0	200	\$48,800
Shared Services Lump Sum	567,000	0	258,107	\$308,893
Operations Lump Sum	0	0	0	\$0
Total	\$21,277,000	\$0	\$17,766,162	\$3,510,838

Combined Funds

Standard Accounts:	Appropriations	Reserve	Disbursements	Unexpended Appropriation
Personal Services	\$21,656,800	\$0	\$18,022,866	\$3,633,934
Retirement	\$7,404,700	0	6,174,771	\$1,229,929

Social Security	\$1,656,900	0	1,316,912	\$339,988
Group Insurance	\$4,616,500	0	4,350,511	\$265,989
Contractual	\$3,291,560	0	2,081,009	\$1,210,551
Travel	\$495,000	0	200,232	\$294,768
Commodities	51,800	0	19,192	\$32,608
Printing	80,000	0	21,884	\$58,116
Equipment	80,000	0	65,367	\$14,633
EDP	1,000,000	0	273,275	\$726,725
Telecommunications	407,240	0	362,728	\$44,512
Op. of Auto	18,200	0	7,786	\$10,414
Refunds	211,000	0	83,971	\$127,029
Shared Services Lump Sum	1,103,300	0	773,083	\$330,217
Operations Lump Sum	0	0	0	\$0
Total	\$42,073,000	\$0	\$33,753,587	\$8,319,413

Insurance Privilege Tax Refund Fund

Standard Accounts:

	Appropriations	Disbursements
Refund	\$1,725,000	\$1,543,948
Total	\$1,725,000	\$1,543,948

Senior Health Insurance Program

Standard Accounts:

	Appropriations	Disbursements
Federal Grants in Aid	\$3,545,500	\$3,420,946
Total	\$3,545,500	\$3,420,946

Worker's Compensation Commission - Insurance Fraud Operations Fund

Standard Accounts:

	Appropriations	Disbursements
Lump Sum	\$485,000	\$484,960
Total	\$485,000	\$484,960

Group Self-Insured Workers' Compensation Pool Insolvency Fund

Standard Accounts:

	Appropriations	Disbursements
Lump Sum	\$1,250,000	\$0
Total	\$1,250,000	\$0

Consumer Market Division

The Consumer Market Division is responsible for:

- overseeing the Department's consumer protection and education programs;
- licensing and regulating the activities of insurance producers; and
- monitoring the marketplace operations of insurance companies.

Consumer Services and Education Programs

During 2012, the Consumers Services Section continued providing assistance and education to Illinois consumers for all types of insurance including auto, health, homeowners and life. Numerous state and federal laws were enacted or revised in 2012 resulting in many questions from consumers, agents and health care providers.

Effective August 26, 2011, the Health Carrier External Review Act (215 ILCS 134) by Public Act 97-0754 was amended. The amendments expand external review to include denials for pre-existing conditions, rescissions of health coverage, and additional reviews related to medical necessity and experimental/investigational denials. The new law, in abeyance with the federal Affordable Care Act (ACA), also requires external review requests be filed directly with the Department of Insurance, who in turn randomly assigns an Independent Review Organization (IRO), which is registered with the state, to conduct the review.

During 2012 the Office of Consumer Health Insurance (OCHI) staff received 979 calls inquiring about the State's new external review process. The Department closed 1,004 external review requests during the period of January 1, 2012, through December 31, 2012. Out of the 1,004 closed requests, 80 requests were overturned; 170 requests were incomplete requests; 307 adverse determinations were upheld; 406 requests were not eligible for external reviews; 16 were duplicate requests, 8 were appealed to the Director, of those 8, two were overturned, 17 were federally processed.

Consumer fact sheets, which provide consumers with information regarding numerous insurance topics, are available on the Department's website at http://insurance.illinois.gov/Main/Consumer_Facts.asp.

The Department provides a toll-free consumer assistance hotline that enables consumers to easily reach Consumer Services Section analysts with questions or complaints about their insurance companies. The Consumer Services Section monitors the Director's email address that is available on the Department's website for visitors to ask various insurance related questions. The Consumer Services Section utilizes an electronic system for assigning and responding to inquiries received by the Director's email. The Consumer Services Section responded to approximately 952 of those inquiries.

Closed Consumer Complaints by Reason

	2012		2011		2010	
	Insurance Companies	HMO's	Insurance Companies	HMO's	Insurance Companies	HMO's
Underwriting	1,339	7	1,224	19	1,199	20
Marketing and Sales	248	0	254	3	195	2
Claim Handling	4,737	215	5,176	312	5,605	319
Policyholder Service	645	9	510	9	578	13
Subtotal	6,969	231	7,164	343	7,577	354
All Other	1,224		1,438		1,937	
Total Complaints:	8,424		8,945		9,868	

Closed Consumer Complaints by Line of Coverage

	2012	2011	2010
Auto	2,353	2,272	2,220
Group A&H	1,701	1,826	2,353
Individual A&H	640	696	776
Homeowners	1,161	1,225	1,184
Individual Life	521	513	619
Individual Annuity	75	74	82
Group Credit A&H	11	8	5
HMOs	231	343	354
All Other Coverage	507	550	338
Not Categorized	1,224	1,438	1,937
Total	8,424	8,945	9,868

The “All Other” complaints are not included in the official reconciliation figures. These complaints are excluded from reconciliation for various reasons such as contracts are written in other states, etc. The Department attempts to assist consumers in these situations even though the complaints are not officially counted.

The Consumer Services Section also handled 2,556 written inquiries. The Consumer Services Section responded to those inquiries by providing pertinent information to the consumer.

Life, Accident and Health (LAH) Compliance Section

The LAH Compliance Section is responsible for reviewing and approving all filings for life, annuity, disability, and health policies and for Health Maintenance Organizations (HMO), Limited Health Service Organizations (LHSO) and Voluntary Health Services Plans (VHSP). In addition, the Section handles HMO complaints, viatical settlement provider compliance, and the registration and renewal of Preferred Provider Program Administrators (PPA), and Utilization Review Organizations (URO) licensure applications.

LAH Product Filings

	2012	2011	2010
LAH forms approved	4,098	10,671	*7,803
LAH informational filings	1,092	1,091	1,573
LAH rate filings	564	523	226
HMO/LHSO/VHSP forms approved	178	560	*71
HMO/LHSO/VHSP informational filings	57	34	21
PPA applications approved/renewed	136	136	174
URO applications approved/renewed	56	74	72

*Correction for 2010 data.

Discounted Health Care Plans

There are approximately 200 registered Preferred Provider Program Administrators (PPAs) and Private Label Marketers operating in the State of Illinois. These entities offer a variety of health care service discounts, such as physician, hospital, chiropractic, vision, dental, and prescription drugs.

Illinois law generally requires discount plans to be registered as a Preferred Provider Program

Administrator under the Health Care Reimbursement Act (Article XX1/2 of the Insurance Code, 215 ILCS 5/370f), although there are some exceptions. In order to address the number of fraudulent discount plans offered to Illinois consumers, the Department revised Part 2051 of the Illinois Administrative Code (50 Il Adm. Code 2051.320) by holding registered Preferred Provider Program Administrators responsible for providing the Department with a listing of any entity that may be Private Labeling their discount plan and ensuring that those entities act in accordance with the statutes and regulations set forth.

The Department encourages consumers considering this type of coverage to review the listing of registered entities on our website, <http://insurance.illinois.gov/Consumer/consumer.asp>, prior to purchasing any discount health care service program.

Illinois Pre-Existing Condition Insurance Plan (IPXP)

The program was established with the passage of the Patient Protection and Affordable Care Act on March 23, 2010. IPXP is a federally-funded health insurance program for uninsured Illinois residents with a pre-existing medical condition. To be eligible, you must have been uninsured for at least six months and have a pre-existing condition that disqualifies you from obtaining other health insurance. The IPXP Program covers pre-existing conditions and a broad range of health benefits including preventive care, primary and specialty care, hospital care and prescription drugs. Enrollees are required to pay a premium, an annual deductible, and out-of-pocket costs.

Consumer Outreach Activities

	Number of Activities	Estimated Impact
High School Presentations	307	8,900 students
Radio Shows	104	2,600,000 listeners
Rapid Response Meetings	42	3,435 employees
Senior Centers, Retiree Presentations, and Health Fairs	11	4,300 audiences

During the year 2012, the Office of Consumer Health Insurance (OCHI) received 23,917 calls. The three most frequently addressed topics were: claims issues which totaled 5,703; individual health questions which totaled 1,894 and questions about continuation coverage under the federal COBRA law and the state law which totaled 1,560.

In January 2002, the Uninsured Ombudsman Program (Ombudsman) was established within OCHI to educate uninsured Illinois residents about health insurance options and benefits, including an explanation of rights guaranteed by state and federal law. The Ombudsman also informs uninsured and underinsured consumers about available low-cost or subsidized medical services.

Since its inception, the Ombudsman staff has worked with various state and local agencies to build a database of local resources that provide medical services to the uninsured and underinsured populations. Information in the database includes resources for medical, dental, mental health, prescription drug, vision, and other available health care services by county and city.

For calendar year 2012, the Ombudsman staff provided county specific health resource information to 1,764 inquirers. Additionally, the Ombudsman staff referred 915 callers to the Comprehensive Health Insurance Plan and 521 callers to the Illinois Pre-Existing Plan (IPXP), the two high risk plans available to Illinois residents.

As in previous years, calls came from the uninsured, individuals, and organizations providing assistance to the uninsured. These included other state agencies, legislators, insurance agents, radio stations, and families. The Ombudsman staff continues to heighten the program's public profile by regularly participating on radio talk shows and pre-layoff workshops for dislocated workers.

As in previous years, the Ombudsman staff actively participated on the Rapid Response Team for Dislocated Workers. At meetings organized by the team, members from various agencies answered dislocated workers' questions and provided the most current information about local resources and services. The Ombudsman staff provided: critical information about continuation rights available through the employer group health insurance plan; tips on how to shop for health insurance; information regarding special enrollment rights under HIPAA (e.g., HIPAA allows dislocated workers to enroll on a spouse's employer group health plan); and the Department's contact information in case the dislocated worker needs further assistance.

Additionally, due to a new state law, some parents and caregivers who were previously covered by the State of Illinois medical program also known as a Family Care became ineligible to stay in the program. As a result, the Ombudsman staff was contacted by those consumers about health insurance options.

Rapid Response Workshops for the Dislocated Workers

Company	Location of Workshop(s)	Number of Impacted Employees
AFA Keystone / Amsted Rail	Granite City, Illinois	170
Ansell Hawkeye (Beardstown Glove)	Beardstown, Illinois	50
Archer Daniel Midland Co. (ADM)	Decatur, Illinois	10
Argo Group / Pace Hostess Brand, Inc	Peoria, Illinois	20
G and D Integrated	Decatur, Illinois	399
Hostess Brand Inc.	Springfield, Illinois	35
J.C. Whitney	LaSalle, Illinois	68
Network Solutions	Belleville, Illinois	18
Sears	Alton, Illinois	60
Shell Lubricants	Roxana, Illinois	20
Solix	Mattoon, Illinois	26
Springfield Journal Register (SJR)	Springfield, Illinois	64

Health Fairs and Expos

Events	Location	Number of Impacted Employees
DuPage Health and Wellness Fair	Lombard, Illinois	2,000
Du Quoin State Fair	Du Quoin, Illinois	2,500
Fourth Annual African American Fair	Ullin, Illinois	100
Richland Community College Expo	Decatur, Illinois	400
Greene County Health Fair	Carrollton, Illinois	328
Community Health Fair	Lincoln, Illinois	1,000

Consumer Assistance and Patient Protection (CAP) Grant under the federal Affordable Care Act (ACA)

The Department of Insurance was awarded the Consumer Assistance and Patient Protection Project (CAP) in the amount of \$1,141,954 by the Department of Health and Human Services in August 2012. The CAP Grants program provides new resources to help states and territories establish or strengthen consumer assistance programs. The work of this grant builds on a previous CAP Grant awarded in October 2010 and running through October 2012. In 2012, the Department utilized grant funds to engage an external, independent professional to evaluate the effectiveness of the Department's consumer assistance activities, to conduct an audit of the

Department's privacy and security standards with respect to personally identifiable consumer information, to assess existing levels of awareness and utilization of consumer assistance services offered through the Department and to assess the Department's website. The consultant's report was finalized in June 2011 and the Department has begun the process of implementing recommendations from the report, notably updating the phone system, the call tracking databases, the complaint database and creating a new Consumer Assistance Portal on the Department's website.

Insurance Issues

The federal Affordable Care Act (ACA) required health care plans to issue policies that provide coverage for preventative health services without cost sharing (copayment, coinsurance or deductible) when they are delivered by a network provider. Effective August 1, 2012, in addition to previous preventive health service requirements for women health care plans must now comply with 8 additional preventative services for women. Those provisions apply to non-grandfathered group and individual insurance coverage without cost sharing in plan years or, in the individual market, policy years beginning on or after August 1, 2012.

Property and Casualty (P&C) Compliance Section

The P&C Compliance Section is responsible for the review of all commercial lines coverage and personal lines coverage forms and rates that are required to be filed with Illinois Statutes and Regulations. The P&C Compliance Section has developed checklists for the different lines of coverage for insurance companies to use prior to submitting a filing to verify their filing is in compliance. The checklists are available on the Department's website as well as at the National Association of Insurance Commissioners (NAIC) website at <http://www.naic.org>. All filings are submitted using the System for Electronic Rate and Form Filings (SERF).

The Department continues to work on initiatives aimed at moving accepted products to market as quickly as possible.

P&C Product Filings

	2012	2011	2010
P&C forms reviewed	33,663	45,982	47,491
P&C rate filings reviewed	3,716	3,976	3,947

Producer Licensing & Regulation

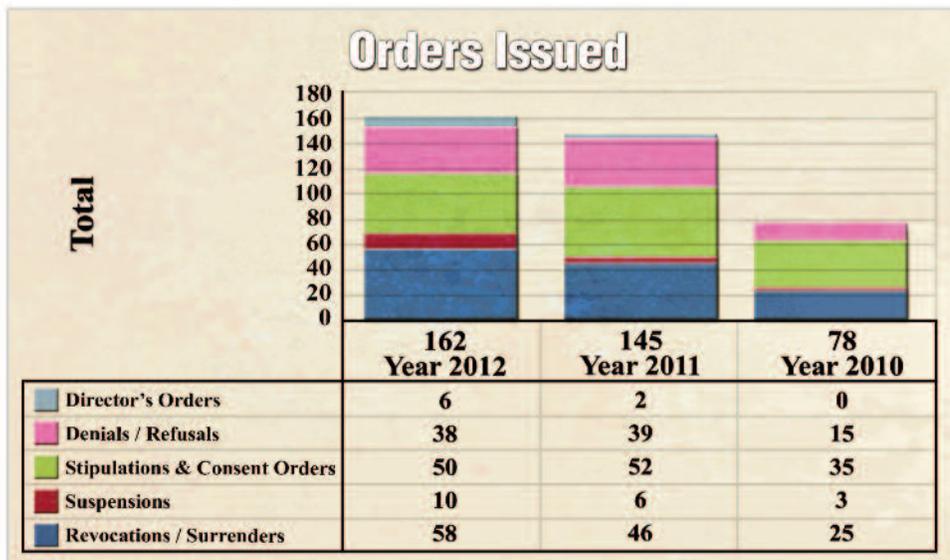
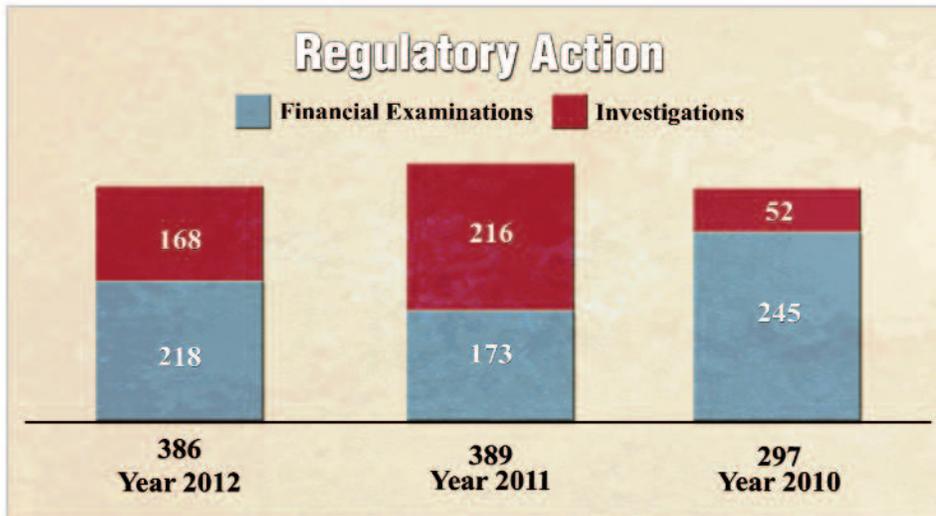
The Licensing Unit is responsible for developing and administering licensing examinations required of prospective insurance producers and public adjusters. This responsibility is performed through a test administrator, which has established test sites throughout the state. The examinations are given by computer and electronically graded immediately upon completion. Most licensing applications are processed almost completely on-line, resulting in a cost savings for the Department and a faster licensing service to insurance agents.

Licenses Issued

	2012	2011	2010
Producer Licenses	168,405	173,968	170,410
Business Entities' Licenses	14,825	14,833	14,625
Examinations	27,458	25,783	25,401
Temporary Licenses	2,710	1,313	2,260
Limited Representative Licenses	9,902	8,687	10,003
Premium Finance Licenses	165	234	250
Public Adjuster Licenses	386	488	336
Third Party Administrators	415	477	462
Certification/Clearances	526	805	942
Education Providers	369	305	354
Course Approvals	4,927	4,684	6,686

Regulatory Actions

The Producer Regulatory Unit conducts fiduciary financial examinations of licensed insurance producers, limited representatives, business entities, public adjusters, and other licensed entities. The Regulatory Unit also investigates complaints related to their marketing activities and methods. Such examinations and investigations may result in the issuance of a Director's Order to the licensed individual or entity. The Director of Insurance may assess civil penalties based on violations of the insurance code or regulations.



	2012	2011	2010
Civil Penalties:			
Amount Assessed	\$622,000	\$915,800	Not Available
Amount Paid	\$171,550	\$224,000	\$356,600

Market Analysis Section

The Market Analysis Section is responsible for monitoring the health and competitiveness of the various insurance markets within Illinois. Through this monitoring, the Section works to quickly identify potential issues that may adversely affect Illinois consumers.

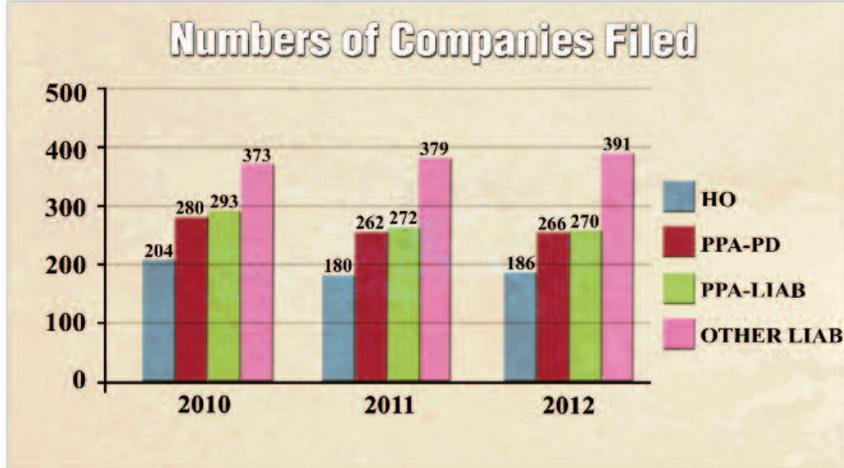
The Section is responsible for collecting a significant amount of insurance related data from insurers and statistical organizations throughout the year. The accuracy and consistency of this data is confirmed through various statistical examinations and audit processes. Utilizing this data as well as other sources, the Department annually produces a number of reports related to various aspects of the insurance markets within Illinois.

Cost Containment Data Call & Report:

The Cost Containment Act (215 ILCS 5/1200) statutorily requires the collection of a significant amount of data and the creation of an annual report on the current conditions of the property and casualty markets within Illinois. This data call is the largest single data call completed by the Section. It currently collects 121 different data elements related to premiums, losses, and policy exposure from property & casualty insurers licensed in the state of Illinois. Significant amounts of this data are collected on a zip code basis, allowing the Department to monitor insurance conditions on a local and regional basis.

The following graph identifies the number of insurers that have filed data in each of the four areas; homeowners & residential fire, private passenger physical damage, private passenger liability, and other liability coverage over the past four years. Complete details and filing instructions for this data call are available at:

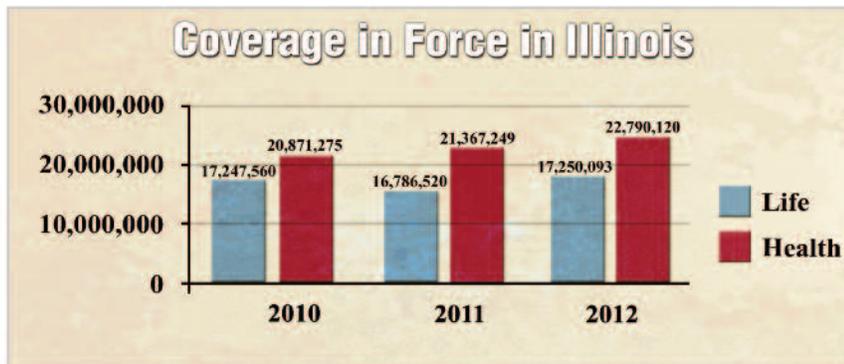
http://insurance.illinois.gov/regulatory_filings/regulatory_filings.asp



The Cost Containment data is the primary source of data for the Annual Report to the General Assembly. This report examines the current market conditions and availability of various property & casualty markets within the state of Illinois. All annual reports are available for public viewing at: http://insurance.illinois.gov/Reports/Report_Links.asp.

Policy in Force Data Call:

The Policy in Force data examines the overall policy exposure within the Illinois Life & Health insurance markets. All companies authorized to write life and/or health coverages pursuant to Section 5/4 of the Illinois Insurance Code (215 ILCS 5/4) are required to comply with this data call. The data call currently collects policy counts on over 80 different types of life and health insurance in eight coverage types. The following graph shows the total number of Illinois residents with life or health coverage of some type for the past four years. This does not include individuals covered by managed care providers or self insured arrangements.



Market Conduct Annual Statement:

All insurers licensed to write life & health and property casualty insurance in the state of Illinois are subject to the Market Conduct Annual Statement (MCAS) data call. Each insurer electronically submits detailed statistics on the number of policies issued, replaced, surrendered, and claims paid during the survey period. This data is used to determine industry averages for various market related activities. Comparing company specific data to the industrial averages allows the Department to monitor and identify companies with ratios outside acceptable levels. Industrial average's for all prior years are available at:

http://insurance.illinois.gov/Reports/Report_Links.asp

Consumer Complaint Reports:

The Consumer Complaint Reports are published annually on the Department website. These reports provide statistics on complaints made by Illinois consumers and investigated by the Department. In order to publish as accurate information as possible, the Section verifies the accuracy of complaint data with each insurer and managed care provider prior to releasing the report. Consumer Complaint Reports are viewable at:

http://insurance.illinois.gov/Reports/Report_Links.asp

The Section also processes numerous requests for specific complaint reports from consumers and other department staff regarding company specific complaint information.

Numbers of Reconciled Companies

	2012	2011	2010
HMOs	24	22	20
LAH	98	100	118
PC	112	116	101
Total	234	238	239

Senior Health Insurance Program (SHIP)

The Senior Health Insurance Program (SHIP) is a free counseling and advocacy program for Medicare beneficiaries of any age, their families, or caregivers who have questions or problems with health insurance issues. SHIP counselors in local sponsoring agencies are trained to answer questions on Medicare, Medicare supplement insurance, Medicare Advantage health plans, long-term care insurance, and prescription drug coverage. SHIP provides ongoing continuing education sessions for the existing network of volunteer counselors across Illinois.

During 2012, SHIP staff and SHIP volunteer counselors met personally with over 130,771 people on Medicare. In addition SHIP assisted 22,971 people directly via 1,525 public presentations, health fairs and other local events. Additionally, SHIP reached over three million Medicare beneficiaries, their caregivers, advocates and providers through cable television, radio, and/or website events focusing primarily on Medicare's Annual Election Period and Prescription Drug Coverage.

SHIP partners with over 260 other agencies in the federal, state and private sectors to reach senior and disabled Medicare beneficiaries in Illinois. SHIP has several bilingual education specialists and counselors who provided front-line assistance and conducted several public presentations to Spanish-speaking senior groups and other interested parties concentrating on issues related to Medicare Part D prescription drug coverage and the Medicare Savings Programs.

SHIP continued to sub-grant funding throughout 2012 to 149 local SHIP-affiliated organizations in local communities throughout the state to enhance the quality of their local counseling efforts. Through the grants, counselors were able to become better equipped to enroll beneficiaries and monitor changes in the Medicare Part D and Medicare Advantage Plans through mobile technologies such as laptops with printers and wireless internet services.

SHIP is funded in part by a federal grant from HHS/CMMS and in part by the Producer Fund. SHIP exists within the Department pursuant to 20 ILCS 1405/1404-15 Senior Citizen Assistance and Information Program.

SHIP Activities

	2012	2011	2010
Volunteer hours	74,883	95,020	58,126
Number of beneficiaries served	130,771	139,200	72,095
Educational presentations	1,525	864	545
Toll-free hotline calls	144,890	26,810	32,125

Workers' Compensation Fraud Unit

In 2005, the General Assembly passed House Bill 2137, which would become Public Act 94-277, would later be codified as Section 25.5 of the Illinois Workers' Compensation Act(Act) (820 ILCS 305/25.5). This legislation established in Illinois, for the first time, a statute devoted specifically to criminalizing and combating workers' compensation fraud.

The 2005 legislation introduced two anti-fraud reforms. First, the Act created a number criminal offenses related to workers' compensation. These offenses generally included the filing of false claims, making material misstatements in order to obtain workers' compensation benefits, making misstatements regarding an employee's entitlement to benefits, preparing or providing false certificates of insurance, making misstatements in order obtain workers' compensation insurance at less than the proper rate, making misstatements regarding self-insured status, and making false statements to investigators in the course of an investigation regarding fraud or insurance non-compliance. Second, the new legislation required the Illinois Department of Insurance (Department) to create an investigative unit, the Workers' Compensation Fraud Unit (WCFU). The WCFU is charged with examining allegations of workers' compensation fraud and insurance non-compliance.

In 2011, the General Assembly passed House Bill 1698, which would become Public Act 97-18. The 2011 amendments to Section 25.5 of the Act provided the WCFU with additional tools to combat worker's compensation fraud and a new offense aimed at medical providers who bill for medical services that are not provided.

The primary responsibility of the WCFU is to conduct investigations and refer worthy cases for prosecution. To fulfill this task, WCFU investigators spend countless hours each year conducting field investigations, reviewing hours of surveillance footage, issuing numerous subpoenas, and reviewing insurance, payroll, medical, and other records.

In the past, some complainants (e.g., employers, insurers, employees) were confused about what kind of evidence the WCFU needed to successfully investigate an allegation of fraud. In 2012, the WCFU continued to work with state agencies, including the Department of Transportation, to agree on guidelines for submitting complaints and to open lines of communication. Establishing working relationships with state agencies, and other entities, has helped to clarify the type of information that is required to prove workers' compensation fraud.

More information about the WCFU is available at the Department website:
<http://insurance.illinois.gov/wcfu/>.

Workers' Compensation Fraud Unit Activities

Number of Allegations of Fraud Received by the WCFU by Source	2012	2011
Reported by Concerned Individuals	28	15
Referred by Insurance Companies	22	69
Referred by Employers	21	36
Referred by Employees Regarding Employers and Insurance Companies	14	13
Referred by Special Investigation Agencies	11	14
Referred by Attorneys	11	14
Referred by the Illinois Workers' Compensation Commission	4	1
Referred by the Illinois Dept. of Central Management Services	4	7
Referred by the Third Party Administrators	2	0
Referred by the National Insurance Crime Bureau	1	0
Referred by the Cook County State's Attorney's Office	1	0
Referred by Medical Providers	0	4
Total	119	173
Number of allegations investigated by the WCFU	64	48
Number of referrals made to the Office of the Illinois Attorney General and the various county State's Attorneys	18	10
Number of WCFU cases resulting in criminal charges being filed	7	6

Financial - Corporate Regulatory Division

The Financial-Corporate Regulatory Division monitors the financial condition and reviews the corporate transactions of insurance companies and other insurance risk-bearing entities operating in Illinois.

Financial Regulation Section

The Financial Regulation Section is responsible for analyzing and monitoring the financial condition of insurance companies, health maintenance organizations, and other regulated insurance risk-bearing entities and intervening when potential problems are identified.

The Financial Regulation Section is responsible for oversight of the management operations of Illinois insurers because, by law, many financial transactions such as entering reinsurance agreements, paying dividends, and transacting business with affiliates require the prior approval of the Department.

There is no longer a requirement for foreign insurance companies to submit annual statements and quarterly statements or CPA audits. The Financial Regulation Section's emphasis on domestic insurance companies is consistent with NAIC guidelines.

The Financial Regulation Section works closely with several entities with distressed financial conditions. In these instances the Section must devote greater staff resources because a more continuous regulatory role is required. For these companies, staff has more contact with company personnel and company advisors in the form of face to face or teleconference meetings. Detailed review of expanded analytical data is often required by these situations. In many cases staff must also participate in national telephone conference calls with other insurance regulators.

The Financial Regulation Section representatives remain active on at the national level in a number of NAIC initiatives including: Financial Regulation Standards, Financial Analysis, Emerging Accounting Issues, Statutory Accounting Principles, Insurance Holding Company, Risk Assessments and Valuation of Securities.

Casualty Actuarial Section

The Casualty Actuarial Section's ongoing responsibilities include providing technical actuarial support to the financial and consumer market areas. The core actuarial analyses performed with respect to the financial solvency of insurance entities include reviewing Statements of Actuarial Opinion and analyzing work papers supporting them, performing loss reserve analyses of Annual Statement loss data and participating in financial examinations of insurance companies. In conjunction with the Financial Examination Section, staff conducts risk-focused examinations. New procedures have been added to the risk focused examination process to include evaluation of pricing risk. Staff also evaluates the Actuarial Opinion Summary of all domestic property and casualty companies, performs technical analyses of reinsurance agreements for transfer of risk, evaluates all extraordinary dividend notifications and monitors carried asbestos and environmental reserve amounts.

In support of the consumer services area, actuarial staff reviews actuarial information supporting rate filings, such as that of the Illinois FAIR Plan, the Illinois Mine Subsidence Insurance Fund, the Illinois Automobile Insurance Plan, and the National Council on Compensation Insurance. Staff oversees the actuarial evaluation of all medical malpractice rate filings. Staff remains responsible for monitoring medical malpractice historical data and the Illinois Medical Professional Liability Insurance Uniform Claims Reporting (IMPLIUCR) data submitted by companies. The Casualty Actuarial Section continues to oversee production of the Illinois Property and Casualty Insurance Market Share Report.

Staff represents Illinois on a national level as well. The Casualty Actuarial Section participated in the NAIC Casualty Actuarial Task Force calls throughout the year. More specifically, staff assisted in updating the NAIC Annual Statement Instructions for a Statement of Actuarial Opinion and regulatory guidance for the actuarial opinion and report. The regulatory guidance document, which is part of the American Academy of Actuaries Practice Note on Statements of Actuarial Opinion, provides guidance for any new requirements and addresses problems or concerns found in previous opinions and reports. Staff has provided expertise in enhancing guidelines for the actuarial portion of risk-focused examinations, which are then utilized nationally.

Casualty Actuarial Section Reviews

	2012	2011
Domestic Statements of Actuarial Opinion	184	171
Domestic Actuarial Opinion Summaries	184	171
Financial Examinations	50	49
Asbestos and Environmental Reserve Amounts - domestic companies	15	16
Medical Malpractice Rate Filings	42	53
Reinsurance Risk Transfer	0	5
Extraordinary Dividend Evaluations	14	21

Life Actuarial Section

The Life Actuarial Section has financial and consumer related responsibilities. On the financial side, review of each domestic life and health regulated entities' Actuarial Opinion and Regulatory Asset Adequacy Issues Summary is a critical task performed annually. These reviews are done to determine regulatory compliance, but more importantly to assess the risk of aggregate reserve understatement under various future interest rate scenarios and stress testing of policyholder behavior. Results are compared and contrasted with other domestics and follow-up is initiated where outlier results raise concerns.

More in depth reserve analysis is performed during financial examinations, and an Actuarial Planning Memorandum (APM) is produced by the Examination area. These APMs are reviewed by the Section to assure any risks the Section has become aware of via involvement with NAIC groups or communication with companies, are thoroughly analyzed.

Ad hoc actuarial support is continually provided to the Financial Analysis and Examination areas, and inquiries from industry are researched and answered. Examples include analysis of reinsurance treaties for appropriate risk transfer, and troubled company issues such as asset modeling and the affect of Affordable Care Act provisions on health insurers.

The Section continued to participate in calls and monitor the progress of the National Association of Insurance Commissioner's (NAIC) Life Actuarial Task Force, including the development of Principles Based Reserves. This paradigm shift in calculating reserves for certain types of newly issued life insurance products is on the horizon and a significant amount of work is being done to lay the groundwork. Considerable changes to the regulatory monitoring process will be needed.

On the consumer side, rate increases for long term care (LTC) insurance policies continued to be a major concern in 2012. Although contractually allowed within certain parameters, large premium increases can be a hardship to seniors on fixed incomes, and significant effort has been made in search of appropriate measures to reduce the impact on policyholders. In late 2012 the Department engaged a consulting firm to assist us in reviewing the large number of filings.

Since September 2011, the Section has reviewed rate filings for comprehensive major medical insurance for compliance with requirements established by the Federal Affordable Care Act. Results of these reviews are sent to the Department of Health and Human Services, the federal agency that administers the requirements of the Affordable Care Act (ACA). During 2012 personnel in the Section prepared for the implementation of the ACA Health Insurance Exchange in Illinois. This included developing procedures to comply with the ACA actuarial requirements for health plans to be sold in the Exchange. Personnel in the Section continued to serve on two NAIC Committees that provide technical advice to the Department of Health and Human Services related to implementation of the rebate requirements contained in the Federal Affordable Care Act.

The Life Actuarial Section also reviewed rate filings for credit life and credit disability insurance, and monitored compliance with the Small Employer Health Insurance Rating Act. The Life Actuarial Section assisted the Senior Health Insurance Program with conducting an annual survey of Medicare Supplement premium rates in Illinois. This information was incorporated into the 2012 Medicare Supplement Premium Comparison Guide. The Life Actuarial Section also worked with the Illinois Comprehensive Health Insurance Program on various actuarial-related issues.

The Section was heavily involved in implementation of the Interstate Compact legislation. This legislation allows companies to submit certain life, annuity, and long term care policy forms to a central repository for a single review and approval. Once the policy forms are approved the companies may market the forms in all of the Interstate Compact member states (currently 43). We continue to be active participants in the working groups developing new standards (and modifying existing ones) to insure that this filing mechanism results in the best products for Illinois consumers. A concern with regard to life insurance companies' Separate Accounts was highlighted through this work. The Section became a member of the NAIC's Separate Account Risk Working Group to work on the issue at the national level. Finally, the Life Actuarial Section drafted Illinois legislation in the areas of separate accounts, LTC, and the ACA.

Life Actuarial Reviews (Approximate)

	2012	2011
Actuarial Opinions:		
Valuation Law Compliance	74	76
Mortality Assumption Specific (X factors)	23	22
Equity Indexed Annuity & Equity Indexed Universal Life	7	8
CARVM for Variable Annuities Certifications	8	8
Risk Based Capital C-3 Certifications	20	24
Small Employer Group Health Compliance Certifications	35	42
Actuarial Guideline 38 Compliance*	10	NA

Other:

Major Medical Rate Filings	131	48
Reserve Actuarial Memorandums	11	10
Medicare Supplement, Long Term Care, and Credit	243	258
A&H Claim Reserve Monitoring (Life, Fraternal, HMO)	10	10
Medicare Supplement Refund Calculations	102	98
Regulatory Asset Adequacy Issues Summaries	66	67
Consumer Complaints – Life*	8	NA
Policy Form Reviews	56	300

* 2012 is the first year this data was compiled

Financial Examination Section

Illinois law requires the examination of the financial condition of insurance companies domiciled in Illinois not less than once every five years. On-site financial examinations of companies provide for a detailed review of the Company's financial condition, compliance with Illinois laws and regulations, and the reliability of financial statements. The information obtained during an examination may be the basis for timely and appropriate regulatory action. Under a national regulatory accreditation program administered by the NAIC, financial examinations of multi-state insurers must be adopted within 18 months of the end of the year being examined.

The Financial Examination Section utilizes the electronic work paper software known as "Teammate." This is the software used throughout most of the country by state insurance

regulators that should increase the efficiency and effectiveness of examinations. The Financial Examination Section also utilizes four outside consultants/vendors to provide various levels of financial examination services to assist in the financial examination of Illinois domestic companies.

During 2012, the Financial Examination Section organized and presented two educational seminars, which provided up to 39.5 hours of continuing education credits for the Department’s financial examination staff and staff from other Midwest state insurance agencies. These seminars provided information and instruction on such topics as, risk focused exams and actuarial responsibilities; ORSA and enterprise risk management; medical loss ratios from an analysis and examination perspective; indicators of financial distress; IFRS and its possible impact on statutory accounting; and corporate governance and audit committee effectiveness. The paramount emphasis of these seminars is the risk assessment approach to planning and conducting risk focused examinations.

In addition to performing financial examinations, the Financial Examination Section annually values the life insurance in force of domestic companies. Reserve liabilities associated with these in-force amounts are certified as meeting applicable minimum standards. Five of these valuations were completed during the year.

Financial Examinations Adopted

	Property & Casualty			Life, Accident & Health	
	2012	2011		2012	2011
Comprehensive	39	41	Comprehensive	12	11
Illinois Only	11	26	Illinois Only	4	2
Compliance/Target	3	7	Compliance/Target	0	5
Total	53	74	Total	16	18

Notes

1. Comprehensive represents financial examinations of Illinois domestic insurance companies/entities that are licensed to do business in more than one state.
2. Illinois only exams represent financial examinations of Illinois domestic insurance companies/entities that are licensed to do business only in the State of Illinois.
3. Compliance/Target exams represent organizational examinations of newly formed insurance companies/entities and increase in capital examinations, and loss reserve reviews.

Corporate Regulation Section

The Corporate Regulation Section is responsible for the incorporation, formation, licensing and registration of insurance entities and approval of other corporate transactions. In 2012, 605 life, accident and health and 1,169 property and casualty insurance companies were licensed in Illinois. Other registered entities include:

- 513 **purchasing groups** (organized to purchase commercial liability for the members);
- 117 foreign registered **risk retention groups** (insurance companies organized to write commercial liability insurance on behalf of their owner-members).

As of December 31, 2012, 643 resident and 1,002 non-resident surplus line producers were licensed. Those individuals may, under limited circumstances, negotiate insurance contracts with unauthorized insurers not protected by the Illinois Insurance Guaranty Fund. Pursuant to statutory authority, the Director has declared 114 unauthorized insurers ineligible for surplus lines producers use to date.

Although Illinois law prohibits individuals or organizations from sharing risk without authorization to transact the business of insurance, certain types of risk bearing entities are permitted by statute. At the end of 2012, the following were operating in Illinois:

- 9 religious and charitable risk pooling trusts;
- 9 group workers compensation pools’;
- 23 service companies providing services to group workers compensation pools;
- 19 self-insured auto fleets;
- 44 reinsurance intermediaries; and
- 163 companies registered under the service contract act;
- 31 viatical settlement providers.

Licensed Property and Casualty Insurance Companies

	2012				2011			
	Domestic	Foreign	Alien	Total	Domestic	Foreign	Alien	Total
Stock	162	777	5	944	163	778	6	947
Stock Captive:								
Pure	1	0	0	1	1	0	0	1
Association	0	0	0	0	0	0	0	0
Industrial Insured	1	0	0	1	1	0	0	1
Stock Risk Retention Group	1	0	0	1	1	0	0	1
Stock Surplus Line	14	0	0	14	13	0	0	13
Mutual	13	74	0	87	15	75	0	90
Mutual Risk Retention Group	0	0	0	0	0	0	0	0
Reciprocal	2	19	0	21	2	19	0	21
Lloyd's	0	0	1	1	0	0	1	1
Farm Mutuals	64	0	0	64	66	0	0	66
Accredited Reinsurers	0	20	13	33	0	23	12	35
Mutual Holding Company	2	0	0	2	1	0	0	1
Total	260	890	19	1,169	263	895	19	1,177

Licensed Life, Accident and Health Insurance Companies

	2012				2011			
	Domestic	Foreign	Alien	Total	Domestic	Foreign	Alien	Total
Stock Legal Reserve Life	51	423	4	478	52	428	5	485
Mutual Legal Reserve Life	5	24	0	29	5	25	0	30
Assessment Legal Reserve Life	0	0	0	0	1	0	0	1
Mutual Benefit Association	0	0	0	0	0	0	0	0
Burial Societies	1	0	0	1	1	0	0	1
Fraternal Benefit Societies	13	41	1	55	13	42	1	56
Voluntary Health Service Plans	4	0	0	4	4	0	0	4
Vision Service Plan	0	0	0	0	0	0	0	0
Dental Service Plan	1	0	0	1	1	0	0	1
Health Maintenance Organizations	10	11	0	21	10	11	0	21
Limited Health Service Organizations	7	3	0	10	7	1	0	8
Accredited Reinsurer	0	3	0	3	0	3	0	3
Mutual Holding Company	3	0	0	3	3	0	0	3
Total	95	505	5	605	97	510	6	613

Public Pension Division

Under state law, the Department of Insurance Public Pension Division is designated as the regulator of the Illinois Pension Code (40 ILCS 5/1A). The Pension Code establishes laws regulating the operation of Public Pension Systems operating in Illinois. 675 funds operate under the Code, including 15 'large' pension funds (SERS, TRS, IMRF, etc.) and 660 municipality-specific Downstate and Suburban Police and Fire Pension Funds.

The Public Pension Division's responsibility is wide-ranging and includes:

- Subpoena power to conduct examinations and/or investigations of all funds established under the Code, including Police and Fire audits on a 3 year cycle;
- Collecting annual statement data from the funds and compiling it into a biennial report to the Governor and General Assembly;
- Furnishing actuarial services to the 655 Police and Fire Pension Funds, including the production of suggested municipal tax levies;
- Providing advisory services on Illinois Pension Code issues to pension trustees, fiduciaries, municipalities and participants from all funds; and
- Limited enforcement authority, including issuing notices of non-compliance, conducting hearings, and levying modest fines for failure to comply with the Illinois Pension Code.

During 2012, the Public Pension Division experienced growth in the number of Public Pension Funds regulated, the aggregate asset value of those funds and the total number of annuitants covered by the funds. The Division continued its focus on core functions including Illinois Pension Code compliance auditing, annual statement filings and providing advisory & actuarial services to the various pension funds.

The Division maintains records involving fund membership, trustees, asset size, and investment mix of all pension funds covered under the Pension Code. Each of the 675 funds under the Pension Code are managed by boards that in aggregate total more than 3,250 trustee positions. The Department assists in providing yearly continuing education to trustees as required by statute.

During the past year, aggregate pension system assets totaled \$138 billion. This represented a \$2 billion increase in total assets as compared to the previous reporting period.

The Illinois Pension Code covers more than 1 million total annuitants. Active participants exceed 617,000 while retirees, surviving spouses, and other beneficiaries receiving pension benefits total 412,000. In aggregate, the pension funds paid out retiree, disability, and survivor benefits of \$12.5 billion in 2011.

A major responsibility of the Division is to conduct compliance audits for all downstate Police and Fire pension funds. Pension fund audit complexity varies as pension fund membership counts can range from a handful of participants to more than 600 participants.

Pension Division compliance staff completed 87 exams during the past fiscal year. The examination process resulted in more than 700 findings being cited in finalized audits. Best practice recommendations were also included as non-material reportable items.

The Division receives annual statements from all public pension funds regulated under the Illinois Pension Code via our electronic filing system. Under Article 1 of the Illinois Pension Code, each system is required to file an annual statement on fund activity in a format prescribed by the Division.

The Division typically calculates recommended municipal tax levies based on pension fund annual report submissions for the 655 police and firefighter pension funds. This service had been suspended until September 2012 as the Department worked to implement the requirements of Public Act 96-1495.

Effective January 1, 2011, Public Act 96-1495 contained sweeping reforms for Downstate Fire and Police Pension Funds. The law established a second tier of benefits for new hires and required that the Division utilize an Enrolled Actuary and mandates the use of new methodology in determining actuarial funding requirements for Article 3 and 4 funds.

The Division has implemented the changes required by Public Act 96-1495 to its annual statement system to incorporate the Tier II requirement and hired Foster and Foster, and enrolled actuary consultant, in April 2012 to implement the necessary actuarial changes and to review the recommended tax levies we issue to the Downstate and Suburban Police and Fire funds. The valuations are currently produced manually but an automated system will be phased in during mid-2013.

Downstate and Suburban Police and Fire Trustees must complete 16 hours of trustee training each year. For first year trustees, a total of 32 hours of training is required. To assist with this requirement, the Division personnel spoke at 25 conferences and seminars during 2012 to disseminate information on the Pension Code and to provide training.

The Public Pension Division responded to a variety of requests to provide advisory services to Pension Funds and the General Assembly under the provisions of 40 ILCS 5/1A-106. Furnished services included:

- Responding to more than 150 letters requesting formal advisory opinions on questions arising from the operation of various pension funds;
- Handling thousands of phone and e-mail inquiries, including inquiries from police and firefighter pension funds, investment fund managers, professional pension organizations, the general public, pension trustees and annuitants;
- Furnishing of pension fund actuarial information and calculations as requested for the Illinois General Assembly and the Commission on Government Forecasting and Accountability (COGFA);
- Assisting funds with police pension portability and fire reciprocity cost estimation along with answering questions regarding this benefit;
- Providing documentation in response to Freedom of Information (FOIA) requests;
- Assisting pension funds with benefit calculations for retiring members; and
- Facilitating the establishment of five new pension funds by supplying impacted municipalities with real cost data for the creation of their future funds.

In the past year, The Division issued approximately 20 notices of non-compliance to pension funds or municipalities for failure to comply with requirements of the Illinois Pension Code. In response to a notice, the cited recipient must take action within 30 days to correct the issue.

If the cited non-compliance is not corrected within the required timeframe or is contested by the fund, the Department schedules a compliance hearing before an Administrative Law Judge. If a finding of non-compliance is upheld at the hearing, fines can be levied against the recipient for the failure to comply.

The Division also initiated the rules process to implement PA 97-0099, *Dissolution and Re-establishment of Inactive Police and Fire Pension Funds*. This legislation allows inactive pension funds with no remaining liabilities to dissolve with the remaining funds returning to the sponsoring municipality. If a police officer or firefighter who had previously withdrawn service time wished to restore that service time, the fund would have to be re-established.

Legal Division

The Legal Division (Legal) supports the work of the Department of Insurance through advising its agency clients in legal matters, including legislative drafting, proposed rulemakings, administrative hearings, litigation, corporate transactions, procurement, Freedom of Information Act (FOIA) requests, and other regulatory matters.

In 2012, the Legal Division continued its core activities as well as expanded the scope of its work to more effectively manage the Department's enforcement authority through market conduct examinations; to play a lead role of the implementation of the Affordable Care Act (ACA) and the Illinois marketplace; and to advise the Department in matters involving solvency issues for insurance companies. Legal continued to focus on insurance and pension regulation through administrative hearings and litigation. Legal also implemented and continues to explore new procedures to ensure consistency and efficiency within the Department.

Market Conduct

In 2012, Legal began taking a more active role in market conduct examinations. To ensure that the Department was making the best use of its resources, Legal instituted a strategic approach to identifying which companies to examine. By working with other departments and talking to examiners, Legal has been able to assist the Department in more effectively regulating the insurance industry.

Legal continue to take the lead in representing the Department as one of five Lead States in a National Association of Insurance Commissioners (NAIC) Taskforce on the Investigation of Life/Annuities Claim Settlement Practices. The Task Force's purpose is to investigate the asymmetrical use of the Social Security Administration's Death Master File (DMF) and other practices which lead insurers not to pay life insurance proceeds to beneficiaries when due. The Lead States have opened multistate exams for the 40 largest U.S. life insurers. In 2012, Legal opened six new multistate examinations for which Illinois is the managing lead state. Through the work of the Taskforce, these multistate exams have led to settlements with five life insurers comprising more than a third of nationwide premium (Prudential, MetLife, Nationwide, AIG, Hancock).

Affordable Care Act

Legal has also continued to play an integral role in the implementation of the ACA in Illinois. Legal provides strategic advice and ongoing support for implementing the Illinois Marketplace. The implementation of the ACA has presented cutting-edge legal issues. Through the work of

its attorneys, Legal has provided overarching advice to the Department's healthcare regulators, reviewed legislation, drafted rules, interpreted federal law and regulations, assisted the Marketplace procurement process, and provided policy advice to the Governor. Legal's attorneys have diligently stayed abreast of federal rulemaking and guidance and other implementation matters by participating in weekly conference calls with the NAIC healthcare reform working group and with general counsels from other states.

Another way in which Legal has been working on the implementation of the ACA is through independent review organization (IRO) appeals. Effective beginning July 1, 2010, the Health Carrier External Review Act (215 ILCS 180/1 et seq.) grants all Illinoisans with health insurance the right to an external, independent review of denied health insurance claims. Pursuant to the Managed Care Reform and Patient's Rights Act (215 ILCS 134/1 et seq.), until July 1, 2013, if an external independent review decision made pursuant to the Illinois Health Carrier External Review Act upholds a determination adverse to the covered person, the covered person has the right to appeal the final decision to the Department. Legal has been working diligently to address a backlog of these appeals to the Department. Thus far, there have been at least some instances where the Department disagreed with the carrier's denial of coverage with the result that the carrier ultimately approved the treatment. Legal is on track to eliminate the backlog by the end of the year.

Rehabilitation

In an effort to regulate the insurance code, Legal facilitated cost saving measures and advised the Department on rehabilitation for insurance companies.

In December 2012, the Circuit Court of Cook County issued an order finding Triad Guaranty Insurance Corporation and Triad Guaranty Assurance Corporation (Triad), to be insolvent and ordered that Triad be placed in rehabilitation. Triad is a mortgage guaranty insurance company that has been experiencing large losses due to the 2008 mortgage market meltdown and financial crises. Triad had previously entered into corrective orders with the Department in 2008. In 2009, Triad began to runoff its business. Pursuant to the runoff plan, assets securing certain deferred payment obligations to policyholders were placed in escrow. In July of 2012, Triad informed the Department that it no longer had sufficient assets to fund the escrow. In September 2012, Legal conducted a hearing to determine whether to continue with the runoff or implement an alternative regulatory approach. Following the hearing, Triad was placed in rehabilitation with the consent of the company. Since that time, the Office of the Special Deputy Receiver has implemented cost saving measures and has continued paying claims.

In July 2012, an agreed order of rehabilitation was entered against Lumbermens Mutual Casualty Company (Lumbermens) and American Manufacturers Mutual Insurance Company (American Manufacturers) with the consent of their Boards of Directors by the Circuit Court of Cook County, Illinois. The Department's Director, as Rehabilitator, will facilitate the payments of policyholder claims until the transition of claim payments to state insurance guaranty associations is completed at liquidation. However, some claims that are covered by the state guaranty funds will remain at Lumbermens for processing. The Rehabilitator's restructuring efforts to date have achieved annual operating expense reductions totaling \$8.4 million.

Pension Code

The Department has also focused on two pressing issues in the area of pension regulation, (1) re-entry of retired police officers who continue to receive pension benefits, and (2) pension underfunding. As a result of an ongoing concern relating to retired police officers re-entering service and continuing to receive pension benefits, the Department intervened in the Naperville Police Pension Board hearing regarding the retirement pension of Chief of Police Robert Marshall. In November 2012, the Naperville Police Pension Board held a hearing on the issue of whether Chief Marshall had re-entered active service as a police officer and whether his pension benefits should be suspended under the Pension Code. The proceedings continued, and this matter is still pending.

The Department also recently issued notices of noncompliance to municipalities whose pensions were underfunded. The Department has been diligently working with these municipalities to resolve their underfunding issues. The Department recently held a hearing in the Village of Washington Park, regarding the Washington Park Firefighters Pension Fund, to determine whether the Fund failed to properly comply with the Illinois Pension Code as detailed in the Department's Notice of Noncompliance. The Hearing Officer recommended that the Fund file the 2011 and 2012 annual statements within 30 days of the Director's final Order. The Fund's filing of the annual statements for 2011 and 2012 will assist the Village in determining the appropriate tax levy that will be sufficient to meet the annual actuarial requirements of the Firefighters Pension Fund.

Workers' Compensation

Legal has addressed enforcement issues related to workers compensation. Specifically, the Department has focused on the problem of the Workers' Compensation Self-Insurance Trust and Illinois School District Agency pools habitually filing their statements late. Legal held a

consolidated hearing against the Hinz Professional Program Managers, as the Administrators for the Workers' Compensation Self-Insurance Trust and Illinois School District Agency, to enforce Section 220/6 of the Intergovernmental Cooperation Act. The Act requires workers compensation pools to file their annual audited financial statements with the Director. The Hearing Officer is in the process of preparing his recommendations to the Director.

Retaliatory Tax Regulation

Legal continues to pursue litigation through the Attorney General's Office to enforce the provisions of its retaliatory tax regulations. A decision in the case of *United States Liability Insurance Company v. Illinois* in Sangamon County Circuit Court late last year striking down the validity of a decade-old regulation and impacting the annual collection of millions of dollars of retaliatory tax is being appealed by the Department. The litigation concerns the proper methodology for calculation of the offset to retaliatory taxes for Illinois corporate income and replacement taxes paid by foreign insurance companies.

The Legal Division continues to advise and assist the rest of the Department to ensure a cohesive and efficient agency, and to effectively regulate the insurance and pension codes in Illinois.

Legal Activities

	2012	2011	2010
Administrative Hearings Scheduled	89	78	133
Freedom of Information Act Requests Processed	484	521	526
Opinions Issued *	280	214	199
Legislation	14	21	7
Regulatory Files Reviewed	241	300	327
Rules Adopted	6	8	19
Subpoenas **	19	126	146
New Litigation	38	40	26

*Regulatory files are comprised of producer, consumer and corporate division files.

** Prior to 2012 all subpoenas were issued through the legal department. In 2012, Workers Compensation began issuing its own subpoenas, which are not included in these numbers.

Market Conduct Section

In establishing a schedule of examinations, the Market Conduct Division evaluates information gleaned from insurer market conduct annual statements, specifically data regarding paid and denied claims, payment medians, and complaint ratios. Analysis of market conduct annual

statement data enables the Department to prioritize companies for scheduling target examinations. Market analysis, including the review of consumer complaints, gives us the opportunity to respond more quickly to the ever changing marketplace. The Department has also been examining insurers with a large market share who have not been recently examined.

During calendar year 2012, a record number of \$10.3 million in market conduct fines was collected as a result of the Department's more active participation and enforcement efforts in multi-state examinations in order to protect Illinois consumers. The Department continues to ramp up market conduct examinations and enforcement efforts by investigating business and regulatory practices in life and health, property and casualty, worker's compensation, and automotive insurance, among other areas.

The Market Conduct Division has been diligently working on finalizing the backlog of outstanding market conduct examination reports. This has been accomplished through a collaborative effort of the Department's Market Conduct and Legal staff. Market Conduct is on track to have the backlog of reports brought to a close by the end of summer 2013.

Exciting and new to the Market Conduct Division is a section on the Department's website in which finalized market conduct exam information is posted and available for the public to view. The public will be able to view a copy of the market conduct examination report as well as a copy of the Stipulation and Consent Order (if applicable) for all completed market conduct examinations. As market conduct examinations are deemed closed, exam information will continue to be posted to the Department's website.

Completed Market Conduct Examinations

	2012	2011	2010
Examinations *	16	21	14
Corrective Orders Issued **	15	5	13
Premium Overcharges Returned to Illinois Policyholders	\$7,978	\$5,150	\$2,100
Additional Claim Payments Made	\$36,742	\$80,357	\$4,142
Civil Forfeitures Levied ***	\$10,314,976	\$327,000	\$637,326

* *Legal and Market Conduct have revised the criteria for when the Department considers an exam closed. Single-state exams are now considered closed only after a closing letter has been issued to the company.*

** *Not all exams resulted in corrective orders.*

*** *Market Conduct has revamped its methods of recording civil forfeitures collected by the Department to ensure accuracy and consistency going forward. 2012 amount includes civil forfeitures received from multi-state examinations which may currently be on-going due to the terms of the Regulatory Settlement Agreements and are not represented in the total above for closed examinations.*

Insurance Legislation

Following are the lists of insurance related bill signed in to law during 2012. Complete texts can be found at <http://www.ilga.gov/>.

Bill	Short Description	Public Act	Effective Date
HB 1577	HEALTH BENEFITS EXCHANGE ACT-RBC-SURPLUS LINES	PA97-0955	8-14-12
HB 3443	INSURANCE CODE-RELIGIOUS ORG EXEMPT	PA97-0705	1-1-13
HB 5047	ELECTRONICS INSURANCE-VENDORS-CREDIT	PA97-0939	1-1-13
HB 5478	INSURANCE CODE-DIRECTOR-PUBLIC RECORD	PA97-1004	8-17-12
SB 2876	INSURANCE CODE-TRAILER-RELIGIOUS ORG	PA97-0707	1-1-13
SB 0275	EXPEDITED LICENSURE MILITARY	PA97-0710	1-1-13
SB 0679	INSURANCE CODE-AUTISM SPECTRUM DISORDER	PA97-0972	1-1-13
SB 2885	HEALTH CARE PURCHASING GROUP	PA97-0715	1-1-13

Insurance Rulemaking

Americans With Disabilities Act Grievance Procedure (4 Ill. Adm. Code 250) - 28 CFR 35.107 requires all agencies of State government employing at least 50 persons to publish rules governing the grievance procedure under the Americans With Disabilities Act (ADA). The Department of Insurance is no longer a Division of the Department of Financial and Professional Regulation, so the rule was amended for housekeeping purposes, to revise the obsolete references. In addition, several terms were revised to be more consistent with ADA usage. (Amended at 36 Ill. Reg. 860, effective January 3, 2012.)

Internal Security Standard and Fidelity Bonds (50 Ill. Adm. Code 904) - Provisions in the rule pertaining to check signature requirements were updated to reflect current economic realities, based on feedback from insurers, and for consistency with other states' practices. Also, the Department of Insurance is no longer a Division of the Department of Financial and Professional Regulation, so obsolete references were revised. (Amended at 36 Ill. Reg. 18670, effective December 17, 2012.)

Medical Professional Liability Database (50 Ill. Adm. Code 928) - The amendments make the filing requirements more consistent with the NAIC Casualty Actuarial and Statistical Task Force Proposal, and change the due date of the filings. (Amended at 36 Ill. Reg. 18677, effective December 17, 2012.)

Corrective Orders (50 Ill. Adm. Code 1250) - The amendments revised the corrective Order regulation so that the standards for determining whether an insurer is hazardous to policyholders and the public conform to those appearing in the NAIC Model Regulation To Define Standards And Commissioner's Authority For Companies Deemed To Be In Hazardous Financial Condition. To that end, the amendments provide clarification that the same standards for determining hazardousness will apply whenever the Director is allowed to make such a finding. (Amended at 36 Ill. Reg. 869, effective January 3, 2012.)

Accident and Health Expense Reporting (50 Ill. Adm. Code 2043) - Section 359c of the Illinois Insurance Code requires insurance carriers to provide semi-annual reports to the Department detailing premiums and expenses for the carriers' accident and health insurance business. The rule provides instructions for carriers to report the required information, including a data table with definitions of terms. (Adopted at 36 Ill. Reg. 18734, effective December 17, 2012.)

Insurance Data Reporting Requirements (50 Ill. Adm. Code 4203) - For insurance companies required to report medical malpractice insurance data (also referred to as medical professional liability), the changes will streamline the data reporting requirements. This data will be on a report year basis for claims made policy types and an accident year basis for occurrence policy types. (Amended at 37 Ill. Reg. 18744, effective December 17, 2012.)

Office of the Special Deputy Receiver (OSD)

Pursuant to provisions of Article XIII and XIII½ of the Illinois Insurance Code, the Director is appointed as statutory Conservator, Rehabilitator or Liquidator of a company in receivership.

The Director, through his Special Deputy, takes the following alternative courses of action, depending on the type of court order that is issued against a company:

1. Pursuant to an Order of Conservation, the Director takes possession of property, business and affairs of a company to protect the interests of policyholders and other creditors, and proceeds to ascertain the condition and situation of the company.
2. Pursuant to an Order of Rehabilitation, the Director is vested with title to all property, contracts and rights of action of the company. He proceeds to conduct the business of the company and to take appropriate steps, if possible, to remove the causes and conditions which made rehabilitation necessary.
3. Pursuant to an Order of Liquidation, the Director is also vested with title to all property, contracts and rights of action of the company. Upon entry of the court order, he proceeds immediately to liquidate the property, business and affairs of the company, to marshal assets, and to evaluate the claims asserted against the company in order to make a distribution of assets as soon as possible to policyholders and other creditors.

For Illinois domiciled or licensed insurers placed into liquidation, the Illinois Insurance Guaranty Fund, the Illinois Life and Health Insurance Guaranty Association, and the Illinois Health Maintenance Organization Guaranty Association are mandated by statute to respond to the covered claims up to certain statutory caps. Similar Funds and Associations exist in most other states for similar purposes. The claims of policyholders of unauthorized, illegal or unlicensed insurers are not generally afforded this protection.

OSD's mission is to maximize assets of estates under its management, fairly dispose of claims, and timely deliver assets to claimants. OSD takes great pride in accomplishing these goals in an efficient and transparent manner. OSD achieved a great deal in 2012 for the policyholders and creditors of the estates it manages and attached are these accomplishments broken down estate-by-estate.

For more information on OSD, please visit the website at <http://www.osdchi.org/>.

Surplus Lines Companies

The Surplus Line Association of Illinois receives countersigns and records all surplus line insurance contracts which are procured by its member surplus line producers. The following is a list of the unauthorized insurers and domestic surplus lines insurers from who licensed surplus line producers procure insurance. The total amount of premium for each company for calendar year 2012 is listed below.

Insurer Name	2012 Premium
Acceptance Indemnity Insurance Co	\$ 365,306
ACE Bermuda Insurance Ltd	540,000
ACE European Group Ltd	278,159
ACE Insurance Co Ltd	345,437
ACE Seguros SA	32,317
Admiral Insurance Co	5,747,250
Adriatic Insurance Co	614,228
AIX Specialty Insurance Co	6,704,849
Allianz Global Corporate & Specialty (France)	39,605
Allianz Global Corporate & Specialty AG	-1,160
Allied World Assurance Co (US) Inc	6,886,400
Allied World Assurance Co Ltd	402,097
Alterra Excess & Surplus Insurance Co	7,505,879
Alterra Reinsurance Europe Ltd	-462,884
American Empire Surplus Lines Insurance Co	1,667,125
American Modern Surplus Lines Insurance Co	-2,159,843
American Safety Indemnity Co	9,382,705
American Safety Insurance Co	110,137
American Western Home Insurance Co	23,405
Amtrust International Underwriters Limited	540,966
Andrew Weir Insurance Co Ltd	8,526
Arch Excess & Surplus Insurance Co	19,538
Arch Insurance Company (Europe) Limited	786,457
Arch Specialty Insurance Co	9,236,714
Argo Re Ltd	231,914
Aspen Insurance UK Ltd	3,323,451
Aspen Specialty Insurance Co	6,651,629
Associated Electric & Gas Insurance Services Ltd (AEGIS)	8,135,660
Associated Industries Insurance Company Inc	565,533
Atain Specialty Insurance Co	2,143,004
Atlantic Casualty Insurance Co	2,317,635
Aviation & General Insurance Co Ltd	1,071
AXA Corporate Solutions Assurance	39,340
Axis Specialty Europe LTD	3,657,623
AXIS Specialty Insurance Co	8,078
Axis Specialty Ltd	592,899
AXIS Surplus Insurance Co	16,764,877
Berkley Assurance Co	1,070,941
Berkley Regional Specialty Insurance Co	173,523
Berkshire Hathaway International Insurance Limited	378,316
Bracken Hill Specialty Insurance Company Inc	31,974
Burlington Insurance Company	5,906,876
Canal Indemnity Co	0
Canopius US Insurance Inc	384,175

Continued

Capitol Specialty Insurance Corp	2,391,829
Catlin Insurance Co Ltd	2,216,180
Catlin Insurance Company (UK) Ltd	795,163
Catlin Specialty Insurance Co	9,031,483
Century Surety Co	4,157,994
Chartis Excess Ltd	407,016
Chartis Insurance UK Ltd	186,430
Chartis Seguros Mexico SA de CV	20,060
Chartis Select Insurance Co	353,726
Chartis Specialty Insurance Co	3,066,813
Chubb Atlantic Indemnity Ltd	335,002
Chubb Custom Insurance Co	21,258,658
Cincinnati Specialty Underwriters Insurance Co	7,316,026
CNA Insurance Company Limited	329,056
Colony Insurance Co	6,978,333
Columbia Casualty Company	34,944,765
Companion Specialty Insurance Co	2,528,604
Covington Specialty Insurance Co	148,638
Crum & Forster Specialty Insurance Co	1,561,772
CUMIS Specialty Insurance Company Inc	26,257
Dakota Fire Insurance Co	269,395
Darwin Select Insurance Co	14,219,026
Empire Indemnity Insurance Co	754,403
Endurance American Specialty Insurance Co	10,458,375
Endurance Specialty Insurance Ltd	603,609
Energy Insurance Mutual Ltd	2,129,797
Essex Insurance Co	22,163,040
Everest Indemnity Insurance Co	2,403,176
Executive Risk Specialty Insurance Co	1,015,906
Fireman's Fund Insurance Co Of Ohio	-35,598
First Mercury Insurance Company	7,952,387
First Specialty Insurance Corporation	11,154,857
Gemini Insurance Co	7,890,379
General Security Indemnity Co of Arizona	4,516,727
General Star Indemnity Co	3,769,085
GeoVera Specialty Insurance Co	66,347
Gerling-Konzern Allgemeine Versicherungs-Aktiengesellschaft	11,813
Global Aerospace Inc	261,654
Global Indemnity Assurance Co	1,401,242
GNV Custom Insurance Company	-27,059
Golden Bear Insurance Company	787
Gotham Insurance Co	1,156,448
Great American E&S Insurance Co	11,723,982
Great American Fidelity Insurance Co	194,933
Great Lakes Reinsurance UK plc	12,983,250
Grupo Nacional Provincial SA	46,607
GuideOne National Insurance Company	33,081
Hallmark Specialty Insurance Company	723,214
Hannover Ruckversicherungs-Aktiengesellschaft	450
HCC Specialty Insurance Company	12,438
HDI Industrie Versicherung AG	310,000
HDI Seguros SA de CV	6,558
Hermitage Insurance Co	174,182
Homeland Insurance Co of NY	10,958,151
Houston Casualty Co	12,356,377

Continued

Houston Specialty Insurance Co	346,264
Hudson Specialty Insurance Co	5,132,291
Illinois Union Insurance Co	13,044,948
Indian Harbor Insurance Co	19,910,280
Infrassure Ltd	2,543,949
Ingalls Casualty Insurance Ltd	2,043,600
International Insurance Co of Hannover Ltd	2,441,939
Interstate Fire & Casualty Company	10,572,536
Ironshore Insurance Ltd	1,568,083
Ironshore Specialty Insurance Co	25,527,470
James River Insurance Co	5,170,905
Kinsale Insurance Co	1,559,647
Lancashire Insurance Co (UK) Ltd	1,418,498
Lancashire Insurance Co Ltd	19,201
Landmark American Insurance Co	10,935,461
Landmark Insurance Co	-4,985
Lantana Insurance LTD	1,992
Lexington Insurance Co	251,885,208
Liberty International Insurance Co Ltd	-197,067
Liberty Mutual Insurance Europe Ltd	3,206,036
Liberty Surplus Insurance Corp	12,584,313
Lloyd's of London	148,032,507
Maiden Specialty Insurance Co	3,070,318
Mapfre Empresas SA	101,376
Mapfre Tepeyac SA	165,511
Markel International Insurance Co Ltd	523,621
Mary Cap Insurance	50,752
Maxum Indemnity Co	6,005,937
Merchants National Insurance Co	12,926
Mesa Underwriters Specialty Insurance Company	671,449
Mid-Continent Excess & Surplus Insurance Co	44,228
Minister Insurance Co Ltd	835
Mitsui Sumitomo Ins Co (Europe) Ltd	101,098
Montpelier Reinsurance Ltd	31,067
Mount Vernon Fire Insurance Co	3,487,736
MSA Insurance Co	-149
Mt Hawley Insurance Company	4,095,721
NAMIC Insurance Co Inc	938,474
National Fire & Marine Insurance Co	4,140,611
National Guaranty Insurance Company of Vermont	425,149
Nautilus Insurance Co	26,395,211
Navigators Specialty Insurance Company	11,673,942
Navillus Insurance Co LTD	12,204
NCH Casualty Insurance SPC Ltd	2,236,927
Noetic Specialty Insurance Co	693,478
North American Capacity Insurance Co	7,403,358
North East Insurance Co	-2,790
Northbridge Indemnity Insurance Co	502,987
Northfield Insurance Co	3,243,733
Nutmeg Insurance Co	57
Pacific Insurance Co Ltd	3,170,388
Pacific National Insurance Co	14,568
PartnerRe Ireland Insurance Ltd	446,196
Penn-Star Insurance Co	1,126,483
Prime Insurance Co	401,246

Continued

Princeton Excess and Surplus Lines Insurance Co	7,660,572
ProAssurance Specialty Insurance Co Inc	14,207,916
Professional Underwriters Liability Insurance Co	337,749
Protective Specialty Insurance Co	27,850
QBE Specialty Insurance Co	3,211,573
Qualitas Compania de Seguros SA de CV	5,855
Republic - Vanguard Insurance Co	124,241
Rockhill Insurance Co	1,879,863
Safeco Surplus Lines Insurance Co	16,349
Saint Paul Surplus Lines Insurance Co	1,967,736
SCOR UK Company Ltd	1,592,867
Scottish Lion Insurance Co Ltd	-12,611
Scottsdale Insurance Co	27,813,993
Seneca Specialty Insurance Co	1,066,365
Sirius International Insurance Corp	21,566
Sparta Specialty Insurance Co	1,500
St Paul Travelers Casualty and Surety Company of Europe Limited	179,356
Starr Surplus Lines Insurance Co	7,787,063
Steadfast Insurance Co	30,151,424
Swiss Re International SE	10,908,811
Swiss Re Specialty Insurance (UK) Ltd	16,445
Swiss Reinsurance Company	22,799
THE Insurance Company	9,993
The Marine Insurance Co Ltd	5,250
Tokio Marine & Nichido Fire Ins Co Ltd	111,372
Tokio Marine Europe Insurance Limited	16,715
Tokio Marine Specialty Insurance	569,061
Topa Insurance Co	24,617
Torus Insurance (Bermuda) Ltd	351,539
Torus Insurance (UK) Limited	655,858
Torus Specialty Insurance Co	4,183,312
Travelers Excess & Surplus Lines Co	3,116,915
TT Club Mutual Insurance Ltd	493,490
Tudor Insurance Co	460,837
United National Insurance Co	1,230,271
United Specialty Insurance Co	1,103,442
US Underwriters Insurance Co	2,319
Voyager Indemnity Insurance Co	0
Westchester Surplus Lines Ins Co	8,722,012
Western Heritage Insurance Co	670,894
Western World Insurance Co Inc	3,926,570
Wilshire Insurance Co	94,708
Winterthur Swiss Insurance Co	23,625
XL Europe Ltd	72,963
XL Insurance (Bermuda) Ltd	688,500
XL Insurance Co Ltd	653,977
XL Select Insurance Co	-915,548
Zurich Insurance Company Ltd	501,415

2012 Total Premium Filed

1,075,395,669

Ineligible Companies

Pursuant to Section 445 (g) of the Illinois Insurance Code, (Chapter 73, Paragraph 1024) the following companies are not to be used:

Name of Company	Bulletin #	Ineligible Date
Alpine Assurance Limited	9	03/16/92
American Marine and General Ins. Co., Ltd.	26	08/02/88
American National Surety Insurance Company	109	09/09/93
American Trust Insurance Company, Ltd.	22	03/01/88
Removed from list:	22	10/31/88
Became Ineligible again:	45	01/08/90
Anatole Insurance Company, Ltd.	33	06/02/89
Anglo-American Insurance Company (Louisiana)	15	02/18/87
APEX Placement Insurance Company, Ltd.	62	04/29/91
Atlantic & Pacific International Assurance Co., Inc.	96	05/27/92
Atlas Indemnity and Insurance Company, Ltd.	82	12/03/91
Avalon Insurance Company, Ltd.	99	09/09/92
Beacon Insurance Company (Rehabilitation)	-	07/18/86
Bel-Aire Insurance Company	52	03/19/90
Brighton Insurance, Ltd.	27	08/31/88
British American Professional Liab. Ins. Co.	20	08/05/87
Casualty Assurance Risk Ins. Brokerage Co.	18	07/30/87
Central Insurance Company, Ltd.	53	03/22/90
Chancellor Insurance Company Limited	100	11/23/92
Colorado Western Insurance Company	116	04/07/04
Commercial General Insurance Company (Wyoming)	35	09/05/89
Commercial Indemnity and Assurance Company	104	07/08/93
Commercial Inland & Marine Indemnity Co., Ltd.	23	03/21/88
Commonwealth United Insurance Company	76	10/01/91
Continental Fire and Casualty Ind. Co., Ltd.	37	10/03/89
Desert Insurance Company, Ltd.	See Walbrook -- #55	
Dual Plus Insurance Company, Ltd.	70	08/12/91
Dyna Span Corporation	5	04/07/86
El Paso Insurance Company, Ltd.	See Walbrook -- #55	
Euro-American Insurance Company, Ltd.	43	11/16/89
Euro-Ichiban Reinsurance Corporation, Ltd.	83	12/06/91
Euro Reinsurance Company, Limited	54	03/22/90
Excess Re-Insurance Underwriters, Ltd.	49	02/22/90
Families United For Life Insurance Company Limited	111	02/23/96
Fidelity & Casualty Co., Ltd. (Turks & Caicos)	8	05/01/86
Fiduciary Indemnity Assurance Group, Ltd.	39	10/03/89
Fielding Reinsurance, Ltd.	6	05/01/86
Financial Services Insurance Ltd.	103	04/02/93
Firestone Insurance Company, Ltd.	51	02/22/90
First Assurance & Casualty Company, Ltd.	77	10/07/91
First Indemnity, Ltd.	67	07/25/91
First Interstate Fire and Casualty Company, Inc.	80	11/06/91
First Reinsurance, Ltd.	68	07/25/91

Continued

Freedom Insurance Company, Ltd.	85	12/09/91
Frontline Insurance Company	73	08/28/91
General Insurance Corporation of India	114	04/29/98
General Star Indemnity Company (RESCINDED 1/22/99)	115	01/13/99
Global Insurance Company S.A	79	10/28/91
Greater Indemnity Insurance Company dba: Great American Casualty or Great American Casualty Insurance Co. Ltd.; or Greater Indemnity & Casualty Co., Ltd.	105	08/06/93
Heartland Casualty Company	32	06/02/89
Individual Surety, Inc.	98	08/18/92
Innkeepers Indemnity Underwriters, Inc.	40	10/03/89
Insurance Corporation of America	28	09/14/88
Insurance Exchange of the Americas (The Florida Insurance Exchange)	14	01/17/87
Integral Insurance Company	60	04/24/91
International Bahamian Insurance Company, Ltd.	1	10/24/85
International E & S Carrier, Ltd.	69	08/12/91
Intrepid Insurance Company	61	04/29/91
Intrepid Reinsurance Group, Ltd.	94	04/23/92
Island Group, Ltd.	9	08/15/86
Jayhawk Insurance Company, Ltd. (Turks & Caicos)	7	05/01/86
Keyes International Insurance Co., Ltd.	112	06/27/96
Kingscroft Insurance Co., Ltd.	See Walbrook -- #55	
Knightsbridge Insurance Company, Ltd.	66	07/25/91
La Fenix Boliviana S.A. De Seguros Y Reaseguros or La Fenix Boliviana Insurance & Reinsurance	110	01/14/94
Lime Street Insurance Co., Ltd.	See Walbrook -- #55	
Lloyds U.S., (Dallas, Texas)	10	08/27/86
London Guarantee & Accident Company, Ltd.	16	03/09/87
London United Reinsurance Co. (Bermuda), Ltd.	See Walbrook -- #55	
Macal International, Limited Ins. Co.	12	02/05/87
Meadowlark Insurance Company	46	02/14/90
Metropolitana Compania de Seguros, S.A.(RESCINDED)	113	05/01/97
Mutual Insurance Company, Ltd.	See Walbrook -- #55	
National Warranty Insurance Company	3	02/07/86
New England International Surety Co., Inc.	4	03/19/86
New England International Surety of America, Inc.	30	12/30/88
New World Financial Trading & Re-Ins. Corp.	19	07/30/87
North American Fire & Casualty Co., Ltd.	17	07/01/87
North American Indemnity Company	21	08/05/87
North American Insurance Company	11	09/23/86
Northern Commercial Fire & General Insurance Co.	75	08/30/91
Northwestern Insurance Company, Ltd.	89	03/03/92
Old American Insurance Company, Limited	25	08/02/88
Old Hickory Casualty Insurance Company	72	08/27/91
The Olympian Insurance Company	106	08/26/93
Oxford Indemnity Insurance Company	44	12/20/89
Pacific Fire & Marine Insurance Company, Ltd.	48	02/22/90
Pacific International Indemnity Company, Ltd.	95	05/27/92

Continued

Palisades National Insurance Company, Ltd.	50	02/22/90
Paradigm Insurance Company (RESCINDED)	24	07/07/88
Payless Insurance Company, Ltd.	47	02/22/90
Pendleton Insurance Company Limited	63	07/17/91
Philadelphia Reinsurance Limited	71	08/15/91
Polaris Insurance Company, Ltd.	59	04/11/91
Premier Assurance & Cas., Ltd. (Turks & Caicos)	42	10/27/89
Premier Assurance Casualty Company, Inc.	56	04/06/90
Presidential Fire & Casualty Company	65	07/23/91
P.R.I.M.E. Company, Ltd.	2	10/24/85
PRIME-PI Omega Delta, Ltd.	38	10/03/89
Professional Prototype I Insurance Company Limited	90	03/03/92
Removed from list	90	09/04/92
Promed International, Ltd.	92	03/26/92
Qatar General Insurance & Reinsurance Co. (S.A.Q.) Doha - Qatar (RESCINDED 3/22/94)	107	09/01/93
Red Sea Group LTD	97	08/18/92
Redwood Insurance Company, Ltd.	86	12/26/91
Regency Insurance Company Limited (RESCINDED) per Stipulation & Consent order 4/21/93		03/05/93
Regency will do no business in IL	101	
Savoy Reinsurance Company, Ltd.	31	03/14/89
Scottish Guarantee Insurance Company, Ltd.	87	12/26/91
Southeastern Reinsurance Company (Florida)	34	09/05/89
Southern American Insurance Company	93	03/30/92
Southwestern Indemnity & Casualty Ins. Co.	57	11/30/90
Southwest Fire & Casualty Insurance Company	81	11/18/91
St. Louis Fire & Marine Co., Ltd.	102	03/05/93
Standard Indemnity Company, Ltd.	64	05/07/91
Sterling Marine Casualty and Indemnity Insurance Company, Ltd. a/k/a Sterling Insurance Corporation, Ltd.	84	12/06/91
Sterling Reinsurance Corporation Limited	88	01/28/92
Tri-Hedron International Assurance, Ltd.	13	02/06/87
Unified Assurance & Casualty, Ltd.	41	10/27/89
Union Pacific Fire and Marine Ins. Co., Ltd.	36	10/03/89
Usher Insurance Company, Ltd.	78	10/23/91
Victoria Insurance Co., Ltd.	29	10/05/88
Walbrook Insurance Company, Limited	55	04/03/90
And its subsidiaries:		
Desert Insurance Company, Ltd.		
El Paso Insurance Company, Ltd.		
London United Reinsurance Co. (Bermuda), Ltd.		
Kingscroft Insurance Co., Ltd.		
Lime Street Insurance Co., Ltd.		
Mutual Insurance Co., Ltd.		
West Point Insurance Company, Ltd.	74	08/28/91
Western Star Insurance Company, Ltd.	108	09/08/93
Winston Hill Assurance Company, Ltd.	58	01/01/91

Lines of Authority

The classes and clauses in Section 4 of the Illinois Insurance Code (215 ILCS 5/4) are defined as:

Class 1. Life, Accident and Health

- Clauses: (a) Life
(b) Accident and Health
(c) Legal Expense Insurance

Class 2. Casualty, Fidelity and Surety

- Clauses: (a) Accident and Health
(b) Vehicle
(c) Liability
(d) Workers Compensation
(e) Burglary and Forgery
(f) Glass
(g) Fidelity and Surety
(h) Miscellaneous
(i) Other Casualty Risks
(j) Contingent Losses
(k) Livestock and Domestic Animals
(l) Legal Expense Insurance

Class 3. Fire and Marine, etc.

- Clauses: (a) Fire
(b) Elements
(c) War, Riot and Explosion
(d) Marine and Transportation
(e) Vehicle
(f) Property Damage, Sprinkler Leakage and Crop
(g) Other Fire and Marine Risks
(h) Contingent Losses
(i) Legal Expense Insurance

Lists of Illinois licensed companies with the lines of authority as of December 31, 2012, are available on the Department website at http://insurance.illinois.gov/Reports/Report_Links.asp.

Summary of Annual Statements

On or before March 1 of each year, Illinois law requires that all companies, except farm mutuals, authorized to transact the business of insurance in this state file, under oath, an annual statement covering the preceding year ending December 31. Farm mutual insurance companies are required by law to file an annual statement, under oath, on or before January 31 of each year, covering the preceding year ending December 31.

The Summaries of the financial information contained in these annual statements for the year ending December 31, 2012, are available on the Department website at http://insurance.illinois.gov/Reports/Report_Links.asp. The Department of Insurance has not verified this data and does not guarantee its accuracy.

Farm Mutual Insurance Companies

County Mutual Fire Insurance Companies
Special Act Company
Recapitulation

Property & Casualty Insurance Companies

Domestic Stock Companies
Domestic Mutual Companies
Domestic Risk Retention Group
Domestic Surplus Lines Companies
Domestic Inter-Insurance Exchanges
Domestic Mutual Holding Company
Foreign Stock Companies
Foreign Mutual Companies
Foreign Inter-Insurance Exchanges
Foreign Accredited Reinsurers
Alien Stock Companies
Alien Lloyds
Alien Accredited Reinsurers
Recapitulation

Life & Health Insurance Companies

Domestic Legal Reserve Life Companies
Foreign Legal Reserve Life Companies
Alien Legal Reserve Life Companies
Domestic Fraternal Benefit Societies
Foreign Fraternal Benefit Societies
Alien Fraternal Benefit Society
Assessment Company
Burial Society
Domestic Health Maintenance Organizations
Foreign Health Maintenance Organizations
Voluntary Service Plans
Dental Service Plan
Domestic Limited Health Service Organizations
Foreign Limited Health Service Organizations
Foreign Accredited Reinsurers
Mutual Holding Companies
Recapitulation

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012-14 IOCI 14-337 100

